Government of Saskatchewan

Annual Report
1988

Saskatchewan Horse Racing Commission

Saskatchewan

89-03435/

SASKATCHEWAN HORSE RACING COMMISSION
1988

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Saskatchewan
Horse Racing
Commission
1015 - 8TH STREET EAST
SASKATOON, SASK.
S7H 0S2

The Honourable Grant Devine
Minister of Agriculture
Province of Saskatchewan
Room 43
Legislative Building
2405 Legislative Drive
Regina Saskatchewan
S4S 0B3

Sir:

Presented herewith is the Fifth Annual Report for the Saskatchewan Horse Racing Commission for the twelve months ending December 31, 1988.

Respectfully submitted,

A. B. Anderson

Alton B. Anderson
Chairman

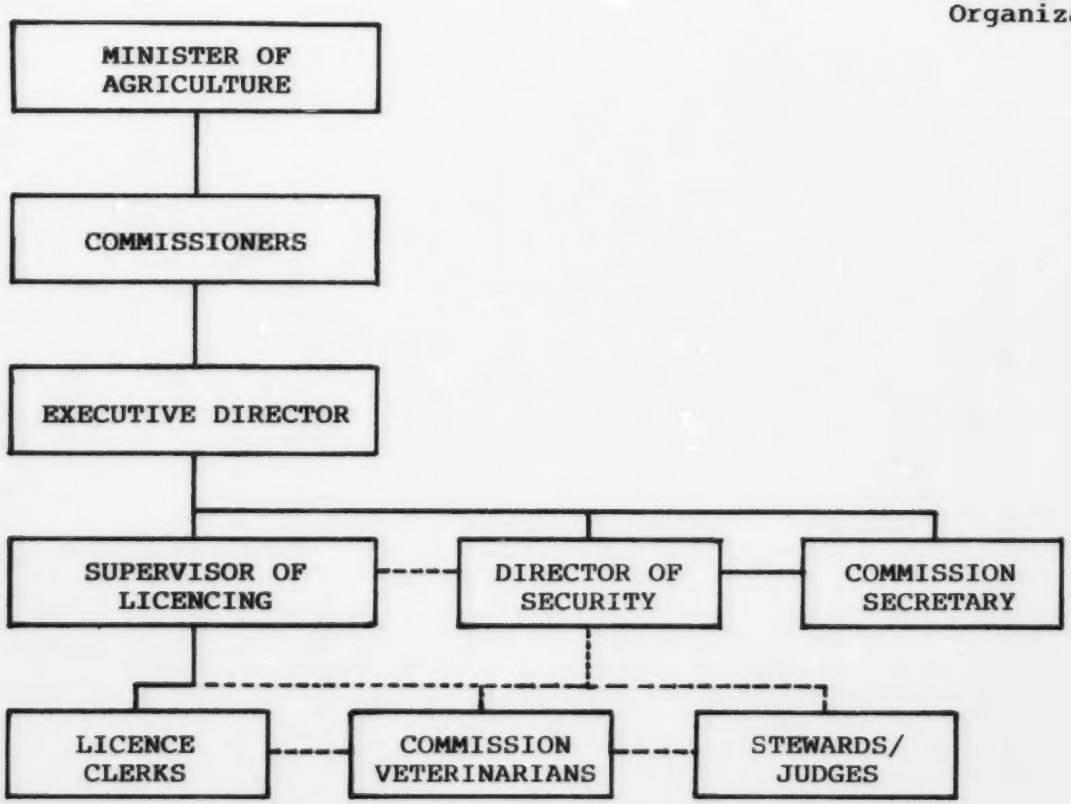
AA/sd

Encl.

SASKATCHEWAN HORSE RACING COMMISSION
1988

MINISTER OF AGRICULTURE	.....	The Honourable Grant Devine, Premier
COMMISSION CHAIRMAN	.....	Alton B. Anderson
COMMISSION VICE-CHAIRMAN	.....	E. Robert Stromberg, Q.C.
COMMISSIONERS	.....	Bonnie J. Eiserman C. Wayne Steadman
EXECUTIVE DIRECTOR	.....	Leary P. Claypool
COMMISSION OFFICE SECRETARY	.....	Brenda Cowley
DIRECTOR OF SECURITY	.....	Ernest Robbins
SUPERVISOR OF LICENCING	.....	Suzanne H. Dring
VETERINARIANS	.....	Dr. Peter Konkin Dr. Marshall Patterson
JUDGES AND STEWARDS	.....	Alexander G. Chisholm Terry W. Harkness Robert D. Howg Reginald R. Mohorich John F. Monkman Edward G. Page S. Joan Phipps Gordon D. Stewart D. Edward Uhran
JUDGE/STEWARD TRAINEE	.....	Douglas C. Schneider
LICENCE CLERKS	.....	Catherine Forster Barbara McCoy Glenda Smith Catherine Waller

Saskatchewan Horse
Racing Commission
Organization Chart



SASKATCHEWAN HORSE RACING COMMISSION
1988

SASKATCHEWAN HORSE RACING COMMISSION
1988

Chairman's Report

It is a pleasure to present this report of the Saskatchewan Horse Racing Commission.

The number of racing dates exceeded last year's figure of 196 to reach a total of 282 for 1988. This increase in dates resulted in 33,013 more people at the races and $2,669,928 more dollars wagered on horse racing. With the exception of Saskatoon's 7½% increase in attendance, however, there was a decline in both attendance and parimutuel figures (according to the daily averages calculated by Agriculture Canada).

Although poor weather took its toll on our rural meets in terms of race dates and handles, both Yorkton and Melville continued to support the industry by hosting race meets in 1988. We certainly wish them more success in the following year. Moose Jaw declined to provide live racing this year, much to the disappointment of the industry and fans alike.

Winter racing, which began in Regina's Queensbury Downs in the fall of 1987, continued throughout the beginning of the year and finished on April 16, 1988. The winter meet planned for the 1988/89 season was cancelled due to the economic inviability at the time. The concept will be re-considered at a later date.

On April 1, 1988, the management of Marquis Downs was transferred from the Saskatoon Prairieland Exhibition Corporation to Marquis Downs Racetrack Limited. This company, headed by Robert Wright, president of Assiniboia Downs in Winnipeg, Manitoba, signed a long-term management agreement. It was a stabilizing move and reassured the industry that live racing would be conducted at Marquis Downs for another ten years.

However, the industry received an unexpected blow when, after only one season, notice was given to the Commission by Mr. Wright that Marquis Downs Racetrack Limited would not continue live racing in 1989; as well, the management contract would be cancelled near the end of March leaving Marquis Downs without a team to operate racing. These decisions caused some complications but not insurmountable ones and the Commission looks optimistically forward to the future of racing in the province.

Al Anderson
Saskatchewan Horse Racing Commission

SASKATCHEWAN HORSE RACING COMMISSION
1988

Objectives and Goals

The Saskatchewan Horse Racing Commission operates under the authority of The Saskatchewan Horse Racing Commission Act. This Act was proclaimed on December 15, 1983. The Commission is vested by law with full authority to prescribe the rules, regulations, and conditions under which horse racing with parimutuel wagering may be conducted in this province. The Commission also has the power to govern, direct, control and regulate horse racing in Saskatchewan.

The primary objective is to maintain the integrity of horse racing in the province. This is carried out in a number of ways. Close supervision by the Commission and its representatives at the track assure the spectator public and the competing owners of horses:

1. That the Association conducting a race meeting is operated by responsible management;

2. That every Owner and Trainer seeking to enter a horse in competition is a person of good character and of financial responsibility;

3. That every horse appearing in a race is the animal he is represented to be on the program and is carrying the correct weight as assigned by the track handicapper;

4. That every race run will represent a true competitive effort by every participating horse and rider/driver;

5. That no rider/driver, during the running of a race, commits any act that would unfairly tend to make the race anything other than a true competitive test;

6. That every horse is physically fit to race;

7. That no one responsible for the custody of a competing horse had administered or permitted to be administered any forbidden medication to the competing animal;

8. That every racing association is doing its utmost to provide the spectator public, the horses and their attendants the best possible facilities that it can afford.

The Commission also fulfills the role of liaison, acting as the intermediary between the various horsemen's groups, the racetracks and the Government of Saskatchewan.

Objectives and Goals, continued

The primary goals of the Commission are to build a strong and credible industry, to operate the Commission offices as efficiently and economically as possible and to serve as a steadfast entity on which the industry and the public can depend upon to preserve and maintain the integrity of horse racing in Saskatchewan.

Commission Administration

The Commission is comprised of four individuals who are appointed for a period of five years. The Chairman is Mr. Alton Anderson, of Saskatoon. The Vice-Chairman and Chairman of the Appeals Board is Mr. Robert Stromberg, Q.C., also of Saskatoon. Ms. Bonnie Eiserman of Maple Creek and Mr. Wayne Steadman of Regina complete the Board of Commissioners.

The two full-time personnel employed by the Commission in 1988 were Mr. Leary Claypool, Executive Director, and Mrs. Brenda Cowley, Commission Secretary. All other positions were seasonal.

Summary of Operations

The Commission performs a number of regulatory functions. Those of principal interest are:

1. Approving race dates;
2. Licencing all persons involved in horse racing;
3. Supervising horse racing in Saskatchewan;
4. Assisting in the development of horse racing in Saskatchewan;
5. Hearing appeals on Judges' and Stewards' rulings;
6. Approving Separate Pool Wagering dates.

Race associations must submit their applications for the next year's race dates by October 31 of the preceding year. No decisions are made regarding the dates until all the associations have sent in their desired race dates. When all applications are in, the Commission meets to approve or disapprove the applications. Agriculture Canada approves all dates on which parimutuel wagering takes place, as well.

Summary of Operations, continued

The licencing process creates vast amounts of paperwork for both the head office and the track offices. However, it is a very important function in Commission operations. The individual files are the core of the licencing process. Every individual involved in racing is required to complete an application, as well as any other related documents (such as partnerships, stable names or lease agreements). These applications are checked for completeness by the Licence Clerks who collect the fees and forward the applications to the Judges or Stewards for final approval. The Judges or Stewards (depending upon which breed the licence applicant is affiliated with) review the forms and then approve or reject the application. It is of prime importance that every licencee has the required integrity and ability to participate in racing in Saskatchewan. A background check is done on every applicant by the Director of Security. An applicant's past racing record is also checked via microfiche from the ARCI (Association of Racing Commissions, International) files from Lexington, Kentucky, USA. These various checks are completed to ensure that all licencees are qualified and competent to participate in racing.

When an application is approved, the licencee is then given a photo I.D. pass. This pass allows the licencee into both the track and the stabling area. It also identifies him or her to the security patrolling the areas. Every individual who has ever been licenced by the Commission has a confidential file at the main Commission office and all records and events related to them is kept on their file.

Maintenance of these licence applications and related documents continues throughout the racing season at the track offices. The Licence Clerks also check the racing programs for each card to ensure that all participants are licenced and that all other documentation is on file with the Commission.

Supervision of horse racing in Saskatchewan is also an important role of the Commission. One of the most visible aspects of this supervision is the presence of Judges and Stewards at all racing events where parimutuel wagering takes place.

The Judges/Stewards observe the running of every race at the racetrack to ensure that each contest is run fairly and honestly. The Judges/Stewards are responsible for making every race "official" after determining that the race was run according to the rules and regulations of the Commission. They deal with claims of foul, objections and inquiries. They review the races from views taken by a main camera and a tower video. When a race is close (within a half a length), they call for a photo from Mendelson Films, which they use as an aid to make the race "official". A Judge or Steward is present

Summary of Operations, continued

for the drawing of all races. The Board of Judges or Stewards also resolve most of the minor security problems which arise at the track.

For serious security occurrences and investigations, the Commission employs a seasonal Director of Security. He is responsible for supervising the stable area security and the alcohol/drug testing programs. He also supervises the financial obligation reports. This type of supervision keeps horse racing safe and (financially) sound.

Many grants and donations are made by the Commission to various groups and organizations involved in horse racing in Saskatchewan. The Commission has returned over four million dollars to the horse racing industry within the last four years. Each association conducting a race meet with parimutuel wagering receives a grant. Both Standardbred and Thoroughbred breeders have received grants that have totalled almost half a million dollars since 1985. This particular facet of the industry is important as it provides for the future of horse racing in Saskatchewan. The Western College of Veterinary Medicine has also received a large grant annually, since 1985, for researching and solving the many problems that affect the equine athlete.

The Commission also assists the development of horse racing by funding a horse racing seminar in the spring of each year. This year's theme was 'THE FUTURE OF HORSE RACING IN SASKATCHEWAN'. Topics ranged from 'Racing and The Charter of Rights' and 'Teletheatre Wagering' to 'The One-Horse Owner' and 'Promotion - Look After the Fan First'. Speakers from Manitoba, Alberta and British Columbia attended to give registrants an educational and stimulating program. The Commission also acts as the representative of the industry to the public. All enquiries made by phone, letter or in person, by the public or other organizations are answered or re-directed by the Commission. A great effort is made to improve and maintain the image and integrity of the industry so that the sport can survive and flourish in the province.

Hearing appeals of the Judges' and Stewards' rulings is vital to the tightly woven thread that binds the Commission and licencees. When a licencee feels that a penalty (a fine, suspension or both) is excessive or unfair, he has the opportunity and the right to appeal the decision. The appellant may defend himself or retain a representative. He or she can also bring individuals to the appeal if they may help the appellant's case by acting as witnesses. The decision of the Commission is held as final.

Summary of Operations, continued

Agriculture Canada defines Separate Pool Wagering (SPW) as 'the betting on races where all bets made at the satellite track on that race are recorded and distributed separately from any bets made at the host track'. Up to December of 1988, all races simulcast from out of the province were considered Separate Pool. Associations apply for SPW dates just as they apply for live racing dates. There is a limit to the number of simulcast races that an association can bring in during a calendar year. The Commission approves or rejects these dates using guidelines set by Agriculture Canada. They also take into consideration the effect the simulcasts may have on the live racing dates.

Horse racing is a constantly changing industry. New betting profiles, inter-provincial simulcasting and the promotion and marketing pushes made by the industry to compete with other forms of entertainment all play an important role in keeping the sport alive. As racing evolves, the Commission resolves to keep the sport of horse racing a creditable and important industry in Saskatchewan.

SASKATCHEWAN HORSE RACING COMMISSION
1988

Grants to the Industry

Marquis Downs	$ 326,827.56
Marquis Downs Promotion	21,900.00
Queensbury Downs	513,209.96
Queensbury Downs Promotion	21,900.00
Melville and District Agricultural Park	2,951.52
Yorkton Agricultural Exhibition	4,937.28
1% Standardbred Incentive Program	82,501.63
1% Thoroughbred Breeders Program	54,843.05
Western College of Veterinary Medicine	10,500.00
Horse Racing Industry Seminar	1,029.00
Thoroughbred Classics Series	850.00
Rainbow of Roses Stake Race	11,000.00
Quarter Horse Promotion	2,500.00
	$1,054,950.00

Security Grants

Marquis Downs	$ 66,840.00
Queensbury Downs	124,080.00
	$ 190,920.00

TOTAL GRANTS TO THE INDUSTRY IN 1988 = $1,245,870.00

SASKATCHEWAN HORSE RACING COMMISSION
1988

The Year in Review

In the Administration Department, the Commission met ten times and conducted five conference calls. Nine appeals were heard from the Judges' and Stewards' rulings. Of these, four were denied, two were allowed and three had their penalties modified.

At the tracks, 1,268 Thoroughbred licences were issued. This amount includes Quarter Horse licences. Last year, only 1,205 of 'runner' licences were issued. The number of Standardbred licences issued remained the same as last year's figure (800) and 445 licences in miscellaneous categories were approved and given out.

Stewards issued 94 rulings during the meets. This is a 27% increase from last year's figure of 74. The harness meet was longer in 1988 than in 1987. This resulted in a 34% increase in Judges' rulings, 241 in 1988, compared to 180 for 1987.

Although attendance, purses and parimutuel bets appear to be up from those of 1987, this is due largely to the additional race dates incurred by the winter meet of Queensbury Downs. When examined, all figures are unfortunately lower than last year's. Increased competition from other forms of entertainment can provide some explanation but other influences from outside and inside the industry are also to be considered.

RACING STATISTICS FOR 1988

Racing by Location

- includes live racing and separate pool wagering (simulcast wagering).

	ATTENDANCE	RACES RUN	DAYS HELD	PURSES	PARIMUTUEL BETS
Melville	675	26	3	15,100	18,447
Regina	120,631	1,338	131	1,471,535	9,056,381
Saskatoon	95,277	1,549	146	1,118,070	8,056,324
Yorkton	2,641	16	2	12,400	30,858
TOTAL	219,224	2,929	282	2,617,105	17,162,010

Live Racing By Location

- includes intertrack wagering.

	ATTENDANCE	RACES RUN	DAYS HELD	PURSES	PARIMUTUEL BETS
Melville	675	26	3	15,100	18,447
Regina	117,470	1,128	117	1,471,535	8,390,894
Saskatoon	75,808	780	82	1,118,070	5,343,574
Yorkton	2,641	16	2	12,400	30,858
TOTAL	196,594	1,950	204	2,617,105	13,783,773

Live Racing By Breed

- runners include Thoroughbred, Quarter Horse, and Appaloosa.

	ATTENDANCE	RACES RUN	DAYS HELD	PURSES	PARIMUTUEL BETS
Runners	87,107	691	77	1,234,395	5,502,752
Harness	109,487	1,259	127	1,382,710	8,281,021
TOTAL	196,594	1,950	204	2,617,105	13,783,773

On Track and Intertrack Wagering

- during live racing within Saskatchewan.

	RUNNERS	HARNESS
Regina On Track	2,117,140	4,477,557
Intertrack	436,913	1,359,284
Saskatoon On Track	2,275,908	1,832,168
Intertrack	654,344	581,154
TOTAL	5,484,305	8,250,163

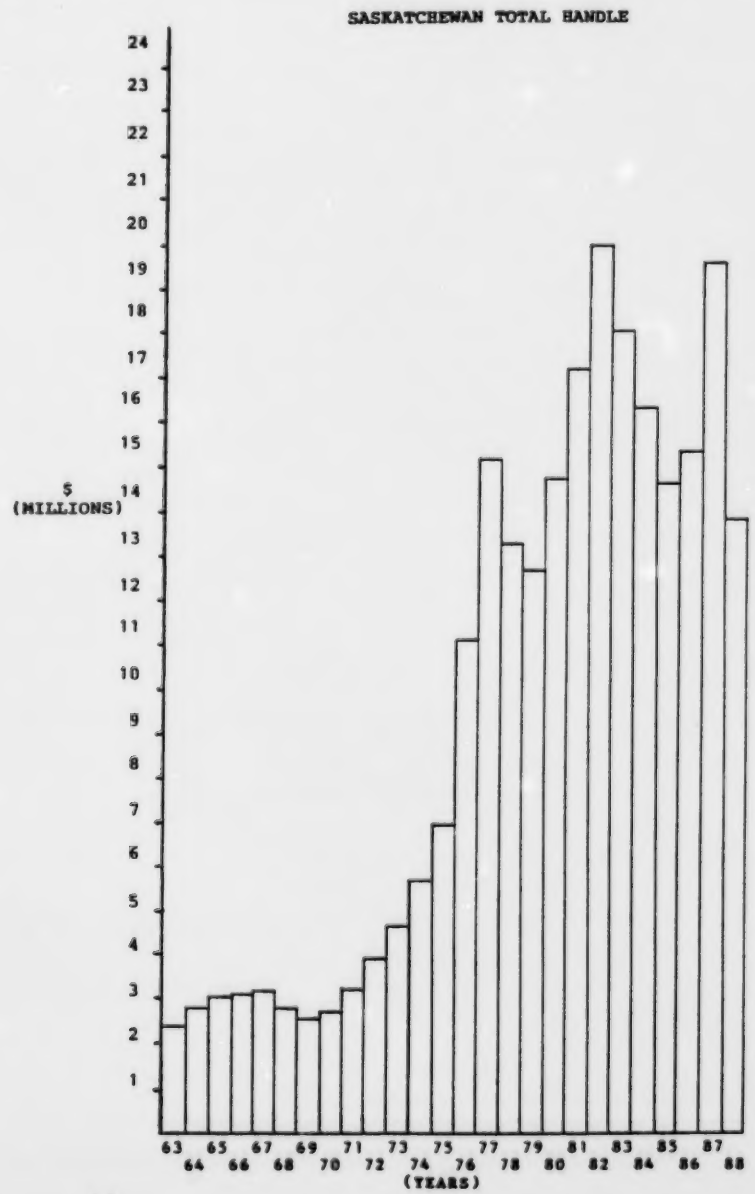
RACING STATISTICS FOR 1988
continued

Separate Pool Wagering

- includes out-of-province intertrack (December).

	ATTENDANCE	RACES RUN	DAYS HELD	PARIMUTUEL BETS
Regina In Season	unavailable	63	40	302,164
Off Season	3,161	148	14	363,323
Saskatoon In Season	unavailable	90	69	434,235
Off Season	19,469	679	64	2,278,515
TOTAL	22,630	980	187	3,378,237

Comparitive Analysis of Saskatchewan's Total Handle from 1963 to 1988



Highest Handle Totals:
- $19,975,768 (1982)
- $19,698,842 (1987)
- $18,023,897 (1983)

Highest Thoroughbred Totals:
- $15,397,140 (1981)
- $14,869,579 (1982)
- $13,176,062 (1980)

Highest Standardbred Totals:
- $12,029,109 (1987)
- $ 8,281,021 (1988)
- $ 6,456,890 (1984)

SASKATCHEWAN HORSE RACING COMMISSION

FINANCIAL STATEMENTS

Year Ended December 31, 1988

OFFICE OF THE PROVINCIAL AUDITOR

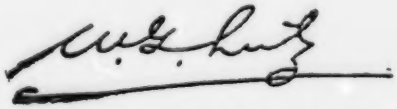
REGINA, SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

I have examined the balance sheet of the Saskatchewan Horse Racing Commission as at December 31, 1988 and the statements of revenue and expenditure, operating surplus and changes in cash position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1988 and the results of its operations and changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
January 26, 1989.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1

SASKATCHEWAN HORSE RACING COMMISSION

BALANCE SHEET

As at December 31

	1988	1987
ASSETS		
Current		
Term deposits at cost	$765,363	$ 491,462
Accounts receivable	21,785	9,048
Prepaid expense	1,817	2,465
	788,965	502,975
Furniture and equipment	15,591	12,708
	$804,556	$ 515,683
LIABILITIES AND EQUITY		
Current		
Bank overdraft	$ 4,996	$ 2,900
Accounts payable	172,400	134,217
Deferred revenue: Department of Agriculture	470,617	273,791
	648,013	410,908
Equity		
Operating surplus - (Statement 3)	140,952	92,067
Fixed assets	15,591	12,708
	156,543	104,775
	$804,556	$ 515,683

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN HORSE RACING COMMISSION

STATEMENT OF REVENUE AND EXPENDITURE

For the Year Ended December 31

	1988	1987
Revenue		
Grants - Department of Agriculture	$1,716,201	$2,082,071
Licenses and assessments	54,175	34,225
Interest	35,014	30,169
Fines	14,349	12,982
Other revenue	41	610
Total revenue	1,819,780	2,160,057
Expenditure		
Administration		
Salaries and benefits	321,807	291,471
Professional services	53,150	43,517
Commissioners' expenses (Note 4)	24,275	25,513
Automobile and travel	38,869	33,450
Supplies	14,667	10,730
Sundry	51,771	52,390
Purchase of fixed assets	2,883	2,581
	507,422	459,652
Grants	1,245,870	1,717,113
Security expenditures	2,758	2,614
Appeals expense (Note 4)	7,509	18,271
Other	7,336	13,972
	1,263,473	1,751,970
Total expenditure	1,770,895	2,211,622
Excess of revenue over expenditure (Statement 3)	$ 48,885	$ (51,565)

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN HORSE RACING COMMISSION

STATEMENT OF OPERATING SURPLUS

For the Year Ended December 31, 1988

	Unappropriated	Appropriated		
	Operating Surplus	Contingency Reserve	Stabilization Reserve	Total Operating Surplus
Balance, beginning of year	$ -	$ 54,768	$ 37,299	$ 92,067
Excess of revenue over expenditure - (Statement 2)	48,885	-	-	48,885
Transfers from reserves in year (Note 3)				
Contingency reserve	14,071	(14,071)	-	-
Racing stabilization reserve	279	-	(279)	-
	63,235	40,697	37,020	140,952
Appropriations made during the year (Note 3)				
Contingency reserve	(15,809)	15,809	-	-
Racing stabilization reserve	(47,426)	-	47,426	-
Balance, end of year	$ -	$ 56,506	$ 84,446	$140,952

(See accompanying notes to the financial statements)

Statement 4

SASKATCHEWAN HORSE RACING COMMISSION

STATEMENT OF CHANGES IN CASH POSITION

For the Year Ended December 31

	1988	1987
Cash provided by		
Operations:		
Excess of revenue over expenditure	$ 48,885	$(51,565)
Net change in non-cash working capital balances:		
Decrease (increase) in prepaid expenses	648	(960)
Decrease (increase) in accounts receivable	(12,737)	3,912
Increase in accounts payable	38,183	120,975
Increase in deferred revenue	196,826	273,791
Total cash provided by (used in) operations	271,805	346,153
Cash, bank overdraft and term deposits, beginning of year	488,562	142,409
Cash, bank overdraft and term deposits, end of year	$760,367	$488,562

(See accompanying notes to the financial statements)

SASKATCHEWAN HORSE RACING COMMISSION

NOTES TO FINANCIAL STATEMENTS

December 31, 1988

1. Significant Accounting Policies

   a) The financial statements of the Saskatchewan Horse Racing Commission are prepared on the accrual basis.

   b) The Saskatchewan Horse Racing Commission receives a grant based on the estimated provincial portion of the live horse racing and estimated separate pool wagering pari-mutual tax. Any amounts received by the Commission in excess of the actual pari-mutual tax are returned to the Department of Agriculture at March 31 each year.

   c) The Commission records fixed asset purchases as expenditures in the year of purchase and records fixed asset disposals as revenue in the year of sale. The Commission discloses the cumulative cost of the fixed assets on the balance sheet with a corresponding entry to "Equity - Fixed Assets".

2. Status of Commission

   The Saskatchewan Horse Racing Commission was established by The Horse Racing Commission Act which was proclaimed December 15, 1983. The Commission has the powers to govern, direct, control, regulate and assist the horse racing industry in Saskatchewan. The initial Lieutenant Governor in Council order for appointment of commission members pursuant to Subsection 6(1) of the Act expired December 14, 1988. There has been no appointment or reappointment of commission members to the year end date.

3. Reserves

   The Commission appropriates the operating surplus as follows:

   i) Contingency Reserve

      The amount appropriated yearly is 25% of the excess of revenue over expenditure for the year adjusted by any transfers to be made from the reserve. The reserve is to be used to make grants to the horse racing industry and to cover any future operating deficits as designated by the Commission and when decided by the Commission.

   ii) Racing Stabilization Reserve

      The amount appropriated yearly is 75% of the excess of revenue over expenditure for the year adjusted by any transfers designated by the Commission to be made from the reserve. The reserve is to be used as a purse supplement as and when decided by the Commission.

4. Commissioner's Remuneration

Included in Commissioners' expenses and Appeals expense are Commissioners' remuneration of $29,925 (1987 - $33,875) paid to five Commissioners.

5. Related Party Transactions

Included in these financial statements are expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the commission is related.